



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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July 10, 2003

CERTIFIED RETURN RECEIPT  
7099 3400 0016 8895 6030

Douglas Nielsen  
Duchesne County Road Department  
P.O. Box 356  
East Old Highway 40  
Duchesne, Utah 84021-0356

Re: Notification of Surety Bond Rating Change, Duchesne County, Duchesne County/Cedar Buttes Asphalt Mine, M/047/018, Uintah County, Utah

Dear Mr. Nielsen:

During a recent review of our surety bonding instruments, we noted that the \$89,800 corporate surety bond held by this office for the Duchesne County/Cedar Buttes Asphalt Mine and secured by American Manufacturers Mutual Insurance Company ("AMMIC"), has fallen in its performance rating. The A.M. Best Rating for AMMIC was previously ranked as an A (excellent) *Secure* Rating, but as of June 24, 2003, its rating had dropped to a D (poor) Rating. We have just received notification that AMMIC has now been removed from the U.S. Treasury Federal Register of Acceptable Surety Companies (U.S. Treasury Circular 570).

The following criteria apply to all corporate surety bonds held by the Division under section R647-4-113.4.11, of the Utah Mined Land Reclamation Administrative Rules:

*A corporate surety bond from a surety company that is licensed to do business in Utah, that is listed in "A.M. Best's Key Rating Guide" at a rating of A- or better or a Financial Performance Rating (FPR) of 8 or better, according to the "A.M. Best's Guide". All surety companies also will be continuously listed in the current issue of the U.S. Department of the Treasury Circular 570. Operators who do not have a surety bond with a company that meets the standards of subsection 4.11 will have 120 days from the date of Division notification after enactment of the changes to subsection 4.11 to achieve compliance or face enforcement action. **When the Division in the course of examining surety bonds, notifies an operator that a surety company guaranteeing its performance does not meet the standards of subsection 4.11, the operator has 120 days after notice from the Division by mail to correct the deficiency, or face enforcement action (emphasis added).***

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Douglas Nielsen  
M/047/028  
July 10, 2003

We must receive confirmation that this AMMIC's A.M. Best Guide rating has been upgraded to the A- minimum classification and has been re-listed on the U.S. Treasury Circular 570 , or receive a replacement reclamation surety from Duchesne County, within 120 days of your receipt of this notice. Duchesne County's failure to do so may force us to take appropriate enforcement action to resolve this bonding deficiency. This is an unfortunate circumstance that neither of us could have predicted. We thank you for your continued cooperation and understanding in this regard. If you have questions regarding the requirements of this letter, please contact me at (801) 538-5286, Paul Baker at 538-5261, or Joelle Burns at (801) 538-5291, to discuss this situation further.

Sincerely,



D. Wayne Hedberg  
Permit Supervisor  
Minerals Regulatory Program

jb

cc: Steve Alder, AAG's Office  
Mary Ann Wright, DOGM  
Paul Baker - DOGM

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